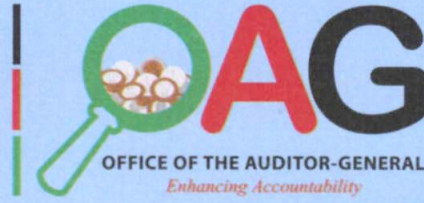


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REPORT

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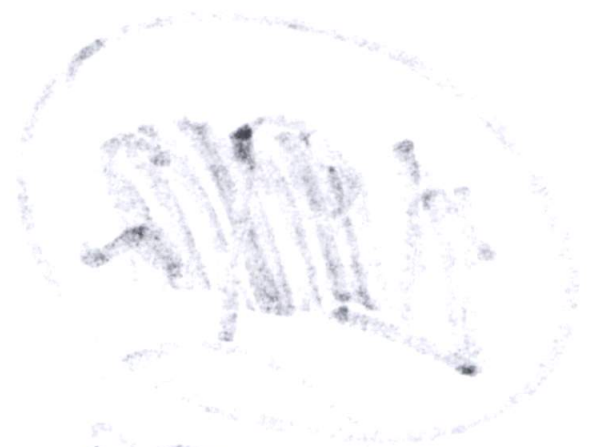
THE AUDITOR-GENERAL

ON

RECEIVER OF REVENUE
REVENUE STATEMENTS

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF BUSIA





COUNTY GOVERNMENT OF BUSIA
OFFICE OF THE GOVERNOR

P.O. BOX PRIVATE BAG – 50400
BUSIA, KENYA



RECEIVER OF REVENUE
County Government of Busia

REVENUE STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

Transitional International Public Sector Accounting Standards (IPSAS) Financial Statements

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1. Acronyms and Definition of Key Terms

a) Acronyms

CA	County Assembly
COB	Controller of Budget
CRF	County Revenue Fund
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Finance Management Act
PSASB	Public Sector Accounting Standards Board
ROR	Receiver of Revenue

b) Key terms

Comparative FY Comparative Prior Financial Year

Fiduciary Management The key management personnel who had financial responsibility.

*Receiver Of Revenue
County Government of Busia
Revenue Statements for the Period Ended 30th June 2025*

2. Key Entity Information and Management

(a) Background information

The receiver of revenue is under the Department of finance, economic planning and ICT. At the County Executive Committee level, the receiver of revenue is represented by the County Executive committee member for finance, who is responsible for the general policy and strategic direction of the receiver of revenue. The receiver of revenue is designated as a receiver by the County Executive Committee member for Finance, in accordance with section 157 of the PFM Act.

(b) Principal activities

The receiver of revenue collects revenue and remits it to the County Revenue Fund (CRF).

(c) Key Management Team

The County Government of Busia's day-to-day management of revenue is under the following:

No.	Designation	Name
1.	CECM Member – Finance & Economic Planning	Hon. Douglas Ejakait Okiring
2.	Chief Officer, County Treasury	CPA. Wafula Gypson Ojiambo
3.	Chief Officer-Trade Investment and Cooperatives & Ag. Chief Officer- Revenue	Mr. Odende Timothy Odhiambo
4.	Chief Officer-Agriculture, Livestock and Blue Economy	Mr. Mwaro Elijah
5.	Chief Officer- Water, Irrigation and Natural Resources	Mr. Omboko Kelly
6.	Chief Officer- Transport and Fleet Management	Mr. Saviour Panyako
7.	Chief Officer -Health and Sanitation	Mr. Lusamba Wilberforce
8.	Chief Officer- Sports, Culture and Social services	Mr. Ngira Lewis Dennis
9.	Chief Officer- Security and Enforcement	Mr. Onyapidi Esau
10.	Chief Officer- Lands, Housing and Urban Development	Mr. Mbaja Ken

(d) Entity Headquarters

P.O. Box Private Bag 50400

Busia (K)

Town Hall Building Busia-

Kisumu Highway Busia

*Receiver Of Revenue
County Government of Busia
Revenue Statements for the Period Ended 30th June 2025*

(e) Entity Contacts

E-mail: info@busiacounty.go.ke
Website: www.busiacyounty.go.ke

(f) Independent Auditor

Office of The Auditor General
Anniversary Towers, University Way
P. O. Box 30084
GPO 00100
Nairobi, Kenya

(g) Bankers

1. Central Bank of Kenya

Haile Selassie Avenue P.O. Box 60000
City Square 00200
Nairobi, Kenya.

2. Other Commercial banks

- i. Kenya Commercial Bank, Busia Branch
- ii. Cooperative Bank of Kenya, Busia Branch.
- iii. National Bank of Kenya, Busia Branch.
- iv. Family Bank of Kenya, Busia Branch.
- v. Equity Bank of Kenya, Busia Branch

(h) Principal Legal Adviser

1. The Attorney General State Law Office

Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2. County Attorney

P.O. Box Private Bag 50400
Busia (K)
Inyanja Plaza,
Busia County.

3. Foreword By the CECM Finance and Economic Planning

It is my pleasure to present the County Government of Busia Receiver of Revenue financial statements for the year ended 30th June, 2025. The financial statements present the financial performance of the Receiver of Revenue for the year ended 30th June, 2025, Financial year 2024/2025.

The promulgation of the Constitution of Kenya, 2010 under Chapter 11 ushered Kenya into a new system of governance, replacing the centralized system with a devolved system of governance. The devolved system of governance consists of the National Government and 47 County Governments.

Article 202 of the Constitution of Kenya provides that revenue raised nationally shall be shared equitably among the National Government and the County Governments. Each County Government's equitable share of revenue raised nationally, is determined yearly through the County Allocation of Revenue Act (CARA). The revenue sharing formula is developed by the Commission on Revenue Allocation and approved by Parliament in accordance with Article 217 of the Constitution of Kenya 2010.

The County also finances its operations through own generated revenues. These are revenues collected within the County. The key local revenue sources for Busia County included hospital user fees, business permits, land rates, business plan approvals, advertising fees, Cess (Transit produce, Sugarcane cess and Sand cess) and various other administrative charges.

The County Government of Busia managed to collect Kshs.506.6 million against annual target of Ksh.697 million translation to 73% performance and 37% growth in comparison to FY 2023/2024 in which Own source revenue stood at 369million. The disbursement to County Revenue Fund stood at Ksh.269 million with Kshs. 237 million being Retained at facility improvement Fund as Appropriation in Aid.

.....
Hon. Douglas Ejakait Okiring
CECM County Treasury and Economic Planning
County Government of Busia

*Receiver Of Revenue
County Government of Busia
Revenue Statements for the Period Ended 30th June 2025*

4. Management Discussion and Analysis

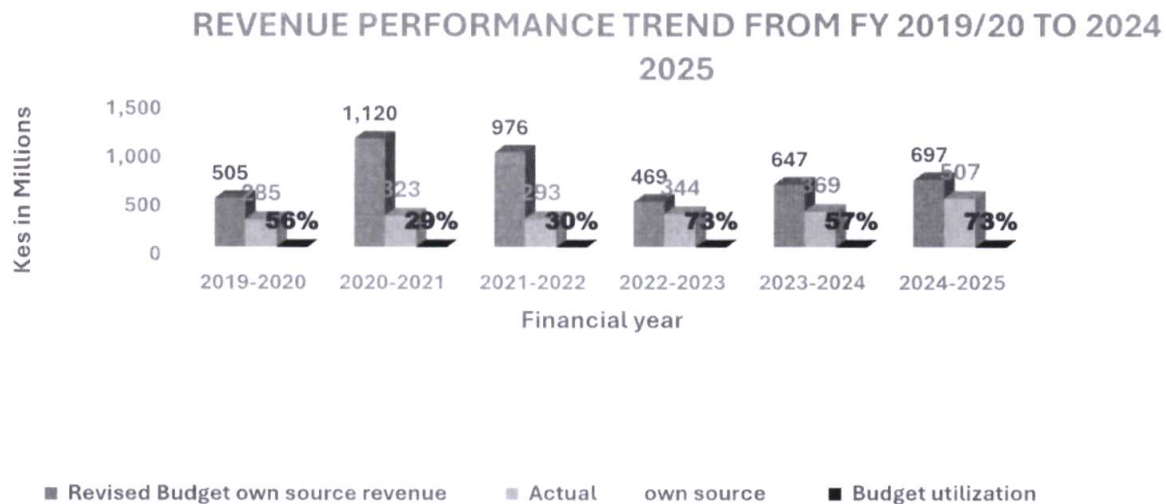
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The county heavily relied on fees levied on hospital user foregone fees, parking fees, land rates cess and single business permits for its services. During the financial year 2019/2020, 2020/2021, 2021/2022, 2022/2023, 2023/2024 and 2024/2025, the County Government adopted electronic payment and improved its monitoring systems for charges, permits and fees.

The County Government projected to collect a total of **Kshs 4,413,350,428** from the local sources which were planned to support priority programmes and projects identified for implementation over the plan period. The county realized **Kshs 2,119,967,182** during the period 2019/2020 to 2024/2025, this is shown in the table below:

Own generated revenues for the FY 2018/2019 to FY 2024/2025				
Financial Year	Revised Budget own source revenue	Actual own source	Deviation	Budget utilization
2019-2020	504,500,651	284,876,853	219,623,798	56%
2020-2021	1,119,555,802	322,558,227	796,997,575	29%
2021-2022	976,108,322	292,736,453	683,371,869	30%
2022-2023	469,163,024	343,922,975	125,240,049	73%
2023-2024	647,015,633	369,203,977	277,811,656	57%
2024-2025	697,006,996	506,668,697	190,338,299	73%
Totals	4,413,350,428	2,119,967,182	2,293,383,246	48%

**Receiver Of Revenue
County Government of Busia
Revenue Statements for the Period Ended 30th June 2025**



From the analysis the County Government of Busia has registered a positive growth in own source revenue collection registering a 37% growth in comparison to FY 2023/2024.

The County Government of Busia like the rest of the Counties has encountered bottlenecks under the year under review;

- Inadequate legislative frameworks in terms of laws and by laws that would beef up revenue collection enforcement thus leading to untapped revenue.
- Economic challenges and inflation affecting the purchasing power of the general public affecting revenue collection from unstructured revenue streams like markets, bus parking fees and even structured streams like permits as some of businesses had to close down.

Some of the steps that the County has taken towards improving its revenue collections include:

- 1) Automation of revenue collection system – the County is currently using Revenue Management system and has endeavored to automate collection through cashless system.
- 2) Continuous revenue mapping and putting in place proper revenue collection enforcement measures.
- 3) Allocation of service delivery vehicles to enhance local revenue collection.
- 4) Rotation of revenue clerks to avoid familiarity with tax payers.



.....
Peris A.Oyombera
County Receiver of Revenue

5. Statement of the Receiver of Revenue's responsibilities

Section 166 (1) of the Public Finance Management Act, 2012 requires that, not later than three months after the end of financial year, the accounting officer for a County Government shall prepare financial statements in respect of that entity. Section 166 (2) (b) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time

The Receiver of Revenue is responsible for the preparation and presentation of the receiver of revenue account, which gives a true and fair view of the state of affairs of the receiver of revenue as at the end of financial year ended June, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,(ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the statement of assets and liabilities of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Receiver of Revenue in charge accepts responsibility for the County Government of Busia receiver of revenue accounts, which have been prepared on the Accrual Basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Receiver of Revenue is of the opinion that the County Government of Busia receiver of revenue account gives a true and fair view of the state of the County Government of Busia receiver of revenue transactions during the financial period ended 30th June, 2025, and of the County Government of Busia statement of assets and liabilities as at that date. The Receiver of Revenue further confirms the completeness of the accounting records maintained, which have been relied upon in the preparation of the Busia County Receiver of Revenue account as well as the adequacy of the systems of internal financial control.

The Receiver of Revenue confirms that the County Government of Busia has complied fully with applicable Government Regulations and the terms of external financing covenants. The Receiver of Revenue confirms that the revenue statements have been prepared in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Revenue Statements

The revenue statements were approved and signed by the Receiver of Revenue on 31st August ,2025

.....


**Name: Peris A. Oyombera
County Receiver of Revenue**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON RECEIVER OF REVENUE - REVENUE STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF BUSIA

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Revenue Statements that considers whether the revenue statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the revenue statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the revenue statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Revenue Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE REVENUE STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS revenue statements of Receiver of Revenue – County Government of Busia set out on pages 1 to 45, which comprise of the

Report of the Auditor-General on Receiver of Revenue - Revenue Statements for the year ended 30 June, 2025 - County Government of Busia

statement of financial position as at 30 June, 2025 and the statement of revenue and disbursements, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS revenue statements present fairly, in all material respects, the financial position of Receiver of Revenue – County Government of Busia as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under IPSAS 33 and comply with the County Governments Act, 2012, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Unconfirmed Disbursements to County Revenue Fund

The statement of revenue and disbursements and Note 22 to the revenue statements reflect disbursements to County Revenue Fund amounting to Kshs.269,144,952, while the financial statements of the County Revenue Fund reflect corresponding revenue totaling Kshs.267,079,457 resulting to unexplained variance of Kshs.2,065,495.

In the circumstances, the accuracy and completeness of disbursements to County Revenue Fund amounting to Kshs.269,144,952 could not be confirmed.

2. Unconfirmed Revenue from Tobacco Cess

The statement of revenue and disbursements and as disclosed in Note 6 to the revenue statements reflects Kshs.54,751,504 as cess revenue, which includes farm produce (transit, sugar and tobacco) amount of Kshs.46,745,228. Review of the bank statements for collection of revenue revealed that the County received an amount of Kshs.1,701,988 in respect of tobacco cess in October, 2024. However, documentary evidence including agreements, approvals and billing based on approved rates were not provided for audit review. Therefore, it was not clear how the prices were set, the total revenue collected and the basis of revenue budget on tobacco cess.

In the circumstances, the accuracy and completeness of the revenue from tobacco cess amounting to Kshs.1,701,988 could not be confirmed.

3. Unsupported Property Rent

The statement of revenue and disbursements reflects Kshs.7,793,153 as property rent, which include to Kshs.2,975,341 for plot rent, Kshs.1,868,737 from Government housing,

and Kshs.813,975 from market stalls and kiosks. However, the following observations were made:

- i. Lease agreements for housing units, stalls, kiosks, and plots were not provided for audit, making it difficult to verify the terms of occupancy.
- ii. There were no rent revenues received from Government houses in August, September, November, and December 2024, as well as January and April, 2025. Further, there was no documentation or explanation provided to account for this uncollected rent, and no evidence of issuance of demand notices or debt recovery efforts was provided for audit review.
- iii. Review of the revenue register revealed rent arrears amounting to Kshs.37,606,389 from 2,457 market stalls and kiosks across various markets in Busia County. This amount suggests an average default period of approximately nine years, given the annual rental charge of Kshs.3,899,500. No records were presented to show active pursuit of the arrears through notices or legal recovery actions.
- iv. Schedule 6 Part H of the Busia County Finance Act, 2023 provides for penalties on late rental payments made after the 5th of each month. Despite evidence of significant uncollected rental charges, no evidence of the imposition or collection of such penalties was provided, indicating non-compliance with the provisions of the Act and potential loss of revenue.
- v. The rent register reflects a total of 2,655 stalls with annual rental charge of Kshs.3,899,500. However, only Kshs.193,510 or (approximately 4.9%) was collected during the period under review from only 41 kiosks and stalls. This reflects significant revenue underperformance and low compliance levels among tenants.
- vi. Comparison between Schedule 6 Part H of the Busia County Finance Act, 2023 on the annual rental charges on Kiosks/Stalls and the actual rent rates applied by the County Revenue Office revealed inconsistencies. While the Act prescribes annual rates of between Kshs.2,000 and Kshs.18,000 depending on stall categories, the rent register showed applied rates ranged from only Kshs.1,000 to Kshs.9,000. These deviations could hinder the County's ability to meet revenue targets and suggest inefficiencies in revenue administration.
- vii. Whereas the Revenue Report reflects revenue of Kshs.813,975 from market stalls and kiosks, this amount significantly differs from the rent register, which records only Kshs.193,510 as revenue received from stalls and kiosks.

In the circumstances, accuracy, completeness and occurrence of the property rent amounting to Kshs.7,793,153 could not be confirmed.

4. Unsupported Revenue from Hire of County Assets

The statement of revenue and disbursements for the year ended 30 June, 2025 and as disclosed in Note 19 to the revenue statements reflects Kshs.5,998,285 as hire of county assets revenue. This amount includes Kshs.4,446,245 from tractor hire services, Kshs.1,426,080 from the Agricultural Training Center, Kshs.47,910 from halls and stadia, and Kshs.30,000 from machinery and equipment. However, no hire agreements or authorization documents for tractor hire services, and halls/stadia were provided to verify the terms and conditions governing the use of the assets.

Further, assets hiring revenue registers for the hire of tractor were not submitted for audit, restricting ability to confirm whether all services rendered were accurately recorded and accounted for. In addition, the revenue report indicated a total of Kshs.30,000 earned from the hire of a Grader CAT 140K to an individual, at a rate of Kshs.5,000 per hour for 6 hours. However, there was no documented application form from the client specifying the need for the hire, the exact machine required, or the desired time frame. Further, no records were provided detailing the evaluation process for the hire request, including considerations for mobilization and demobilization costs, and the feasibility of accepting the request given the associated costs. Similarly, the equipment hire requisition form dated 20 November , 2024 indicated that payment was to be made in cash. This contradicts the Busia County policy, which mandates cashless transactions for revenue collection.

In the circumstances, the accuracy, completeness and occurrence of the revenue from hire of County assets amounting to Kshs.5,998,285 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Receiver of Revenue - County Government of Busia Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of revenue statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance-Under Collection of Revenue

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.697,006,997 and Kshs.506,668,697 respectively, resulting in under-collection of Kshs.190,338,300 or 27% of the approved budget amount.

Further, analysis of revenue streams revealed that out of the fifteen (15) revenue streams, only four (4) revenue stream targets were realized, while the other eleven (11) revenue targets were not realized. In addition, the Receiver of Revenue did not formulate

strategies to enhance own source revenue collection and explore avenues for introducing new sources of revenue.

The own source revenue under-collection impacted negatively on delivery of services and implementation of programs in the County.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that in my professional judgement, are of most significance in the audit of the revenue statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, several issues were reported under the Report on the Revenue Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance, as detailed in the table below. However, Management had not resolved the issues or given reasons for the delay in resolving the issues as at 30 June, 2025.

S/No	Financial Year	Observation
1	2023/2024	Unconfirmed Disbursements to County Revenue Fund
2	2023/2024	Unaccounted for Revenue
3	2023/2024	In accuracy of the Statement of Receipts and Disbursements
4	2023/2024	Budgetary Control and Performance – Under Collection of Revenue
5	2023/2024	Ineffectiveness in Revenue Point of Sales Machines Management
6	2023/2024	Non-collection of Poll or Land Rates and Arrears
7	2023/2024	Irregular Spending of Revenue at Source
8	2023/2024	Integrated Revenue Collection and Hospital Information Management System
9	2023/2024	Uncoordinated Revenue Collection by County Enforcement Unit, Building Plans Approval Unit and Revenue Office
10	2023/2024	Lack of Proper Management of Parking Bays
11	2023/2024	Inadequate Allocation of Motor Vehicles to Revenue Office

Other Information

Management is responsible for the Other Information set out on page iv to ix which comprise of Key Entity Information and Management, Foreword by the CECM Finance and Economic Planning, Management Discussion and Analysis and Statement of Receiver of Revenue's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Receiver of Revenue's revenue statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Engagement of Unauthorized Officers in Revenue Collection

During the year under review, the County Government of Busia irregularly engaged four (4) staff members in the position of Legal Assistant, Liaison Assistant, Public Relations Liaison Assistant and Security Officer in revenue collection. Review of personnel files, revenue collection duty rosters and main gate and trailer park revenue collection sheets revealed that members of staff were engaged in revenue collection despite being employed with different designations from different departments other than revenue department.

Further, review of revenue collection sheets from the main gate revealed that these members of staff have repeatedly engaged in collection of revenue on different dates within the financial year without authority from the County Executive Committee Member for Finance as required by the Public Finance Management Act, 2012.

In addition, the personnel files revealed that these members of staff were never seconded to the Department of Revenue. Management had failed to explain under what circumstances the said members of staff were obliged to collect revenue for the County Government of Busia. No formal designation by the County Treasury was provided for audit review.

This was contrary to Section 157 (1) of the Public Finance Management Act, 2012 which provides that the County Executive Committee member for finance shall, in writing, designate persons to be responsible for collecting, receiving and accounting for such county government revenue as the County Executive Committee member for finance may specify in their letters of designation.

In the circumstances, Management was in breach of law.

2. Non-Remittance of Revenue Collected to the County Revenue Fund

The statement of financial position and Note 31 to the financial statements reflects a balance of Kshs.4,292,377 in respect of payables due to the County Revenue Fund. This amount comprises of Kshs.341,286 representing balances due for disbursement from collected amounts, and Kshs.3,951,091 representing balances due for disbursement from uncollected amounts. This was contrary to Regulation 81(2) of the Public Finance Management (County Governments) Regulations, 2015 which requires prompt disbursement to the County Revenue Fund Account.

In the circumstances, Management was in breach of the law.

3. Integrated Revenue Collection and Hospital Information Management System

During the financial year 2022/2023, the County Government procured provision of consultancy services for supply, delivery, installation, customization and commissioning of an integrated revenue and hospital information management system at a contract price of Kshs.59,885,232 and a charge of 6% of all funds collected as transaction fees. However, the following unsatisfactory matters were observed:

3.1. Implementation of Revenue System without Service Level Agreement

It was observed that there was no service level agreement on key deliverables in terms of system hardware to be delivered, location of key back up, memorandum of understanding between the County Government and cloud storage service providers,

revenue streams to be incorporated into the system and deadlines for systems modules implementation. Further, Management failed to provide the inventory of components of hardware including point of sales machines delivered, serial numbers of each machine, the status and designated officers for each machine.

3.2. Unfavorable Contract Terms

Review of the contract between the County Government of Busia and the system vendor revealed that the County pays a 6% transaction fee on all funds collected through the system. At the time of audit, the County had made payments totaling Kshs.59,885,232 being total contract sum. However, Management did not provide a clear explanation and justification for the 6% transaction fee. It was further observed that on two (2) different occasions, the service provider switched off the revenue collection system due to delayed settlement of the transaction fee disrupting revenue collection and exposing the County to potential revenue loss.

3.3 Non-integration of Revenue Collection System with Existing Systems

Review of the revenue collection system revealed that the system was not fully integrated with the Hospital Management System and Integrated Financial Management Information System (IFMIS). Audit review of the attempted integration done at Busia County Teaching and Referral Hospital revealed that the system could not generate full report on revenue of the hospital as and when required.

This was contrary to specification No.4 of the general specifications as highlighted in contract's terms of reference which warrants integration of revenue management system with Hospital Information Management System and other third-party systems being used by the County Government including Ms Dynamics ERP Revenue collection account, banks and SMS Gateway Systems.

In absence of full integration of the systems, revenue collected could not be accounted for fully and could lead to leakages in revenue.

In the circumstances, value for money may not have been achieved in respect to the expenditure of Kshs.59,885,232 on supply, installation and commissioning of the revenue collection system, and on the payments of the 6% transaction fee.

4. Lack of General Valuation Roll

The statement of receipts and disbursements and as disclosed in Note 2 to the revenue statements reflects revenue collected from land rates amount of Kshs.7,296,056. However, the County Receiver of Revenue did not keep a comprehensive general valuation roll of all the land parcels detailing the description, situation and area and value, the name and address of the ratable owner, the value of land, the value of the unimproved land and the assessment for improvement of rate. This was contrary to Section 3 of Valuation for Rating Act Cap 266,1984 (Revised 2012) which provides that every local authority shall from time to time, but at least once in every 10 years or such longer period as the Minister may approve, cause a valuation to be made of every ratable property within the area of the local authority in respect of which a rate on the value of land is, or is to be imposed, and the values to be entered in valuation roll.

Further, there was no Rating Committee to handle objection to the implementation of the valuation roll.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Internal Control Weaknesses on Collection of Sugarcane Cess

During the year under review, it was observed that the sugarcane cess was calculated at one (1) percent on the total tonnes weight at the weigh bridge. Discussion with the Management revealed that, the County has no Revenue Officer at the weighing bridges to confirm the total weight in tonnes for a given truck or trailer and Management relied on the information from the sugar companies. Management further claimed that there were agreements with sugar companies on how much amount of cess they should pay. However, the agreements were not provided for audit verification and therefore the amount collected as sugarcane cess could not be confirmed.

In the circumstances, the effectiveness of internal controls on revenue collection from sugarcane cess could not be confirmed.

2. Internal Control Weaknesses in Cess Collection Management

Revenue reports provided for audit verification revealed that the Receiver of Revenue - County Government of Busia planned to collect cess amounting to Kshs.68,235,065 and collected Kshs.54,751,504 or 80% of the target as at the end of the financial year.

Physical verification carried out on 29 May, 2025 at the Busia Border Post revealed foreigners and some locals could not pay their revenues directly due to currency challenges. The foreigners changed the foreign currency into Kenya shillings and gave the money to the Revenue Officers who would then load the monies to their personal Mpesa accounts and pay on behalf of the foreigners via point-of-sale (POS) machines. However, the revenue collection machines (POS) being prone to frequent malfunctioning

resulted in many of the foreigners going away in a bid to save time instead of waiting for a receipt and this affects seamless collection of revenue.

Further, this posed a challenge as revenue may be received and not recorded as it was impossible to do reconciliations manually during system downtime. The system could not generate reports on how much revenue was collected during the downtime as offline operations were not functional. This causes revenue leakages as sometimes the system could be down for several hours. It was not clear what exactly the Receiver of Revenue does to mitigate such occurrences.

In addition, possibility of the Revenue Officers collecting money through their phones and not remitting the whole amount was very high as this was not monitored by a different officer.

In the circumstances, the effectiveness of internal controls on revenue collection from the border post could not be confirmed.

3. Internal Control Weaknesses in Collection of Revenue from Physical Planning and Development

The statement of receipts and disbursements reflects physical planning and development revenue amounting to Kshs.2,458,500 and as disclosed in Note 13 to the revenue statements. However, the department failed to provide a list of physical planners for the seven (7) Sub-counties to ascertain whether the department is fully staffed for optimum revenue collection. Further, registers of documents submitted by applicants for development approval, registers for submitted certificates and approval committee minutes required by Section 62 (1) of the Physical and Land Use Planning Act, 2019 were not provided for audit review.

In addition, it was observed that the enforcement notices and reports to ascertain whether the County Government had made efforts towards stopping developments that commenced without requisite approval or efforts made towards the collection of the statutory fees were not provided for audit review.

In the circumstances, the effectiveness revenue collection management from the Physical Planning and Development section could not be confirmed.

4. Unmarked Parking Spaces

Physical verification of parking slots within Busia town revealed that the parking bays in Busia Taxi Market and along Busia Road were not marked and demarcated. Further, business owners were paying for reserved parking spaces although there was no way of confirming what constitutes a parking bay.

In addition, there was no parking space data in terms of the street, number of parking spaces and reserved parking slots.

In the circumstances, the internal controls on management of parking spaces in Busia town are weak.

5. Untapped Revenue for Service Delivery

Field visits made on 30 May, 2025 revealed the following areas as untapped revenue that would bridge the gap between target revenue and revenue collected:

i. Trailer Park

The amount of goods moving in and out of Busia border was voluminous owing to the massive traffic of trailers parked along the road on a daily basis. Site visit carried out revealed that although these trailers park alongside the road, no revenue was charged on them by the County Government as they were deemed to be on transit. In the event the County Government constructs a trailer park where these trucks would park awaiting border clearance, this would raise the revenue and ease traffic congestion on the main highway.

ii. Parking Fees

Site visit carried out on 30 May, 2025 revealed the number of vehicles that park closer to the border are more than the number of vehicles that park away from the border. However, the County Government of Busia has not made designated parking slots in the said areas.

This is a very huge untapped market that would bring in revenues for the County Government in form of parking fees. Further, parking slots that were constructed outside the Agricultural Technical College (ATC) had no traffic on a daily basis and no Revenue Officer was attached to the ATC designated parking slots. The County Government had failed to carry out a feasibility study or consultancy on where the parking slots were to be constructed.

iii. Market Fees

Site visit to Kemodo market on 30 May, 2025 revealed most traders were not paying market fees and there was no enforcement on the same. Interview with three traders at three different spots revealed that the market does not have an ablution block and was not fenced making their goods susceptible to theft and the County Government did not collect garbage promptly leading to some go slow from the traders. Improved service delivery by the County Government of Busia would harness significant revenue in regards to market fees.

In the circumstances, more revenue would be generated if the untapped areas could be exploited.

6. Inefficiencies in the Revenue Management System

It was observed that the County Government of Busia acquired the revenue management system software without an Information and Communication Technology policy in place.

Further, interview with Management, and interaction with the system revealed that the system had no capability to generate cumulative individual monthly penalty reports imposed on late payments and arrears on single business permit.

In the circumstances, the effectiveness of internal controls in respect to revenue management system could not be confirmed.

7. Frequent Revenue Collection System Downtime

It was observed that in the month of June, 2025 the Busia County revenue collection system was down for a period of one (1) week. No offline module was provided by the service provider to facilitate continued revenue collection during this downtime despite the system having been in place for two (2) years. Management indicated that system downtime has been a recurring issue which the service provider had consistently failed to rectify.

In the circumstances, the prolonged system outage exposes the County to risks of revenue pilferage or loss with no accountability and responsibility placed on the service provider for such losses in the contract provisions.

8. Use of Cash Payment Mode in Collection of Revenue

Physical verification of parking fees collection at Busia Bus parks and Malaba Bus Park Border revealed that revenue clerks load cash to Mpesa and initiate payments through the point-of-sale machines on behalf of customers. Similarly, analysis of the parking fees schedule revealed that one attendant in Matayos Subcounty made 242 Mpesa transactions worth Kshs.94,300 via point-of-sale machine IMEI 863123054356601 between July 2024 and April 2025, while another attendant in Bunyala Subcounty made 421 Mpesa transactions worth Kshs.76,790 via point-of-sale machine IMEI 865150035644894 between July 2024 and April 2025.

In addition, some of the revenue clerks share the same point of sale machine to collect parking fees. For instance, two revenue clerks in Matayos Subcounty used the same point of sale machine IMEI 863123054356601. Further analysis of the parking fees schedule revealed that a total of Kshs.216,950 relating to Bus and Trailer parking fees and private parking were paid in cash. Management should enforce strict cashless revenue collection mechanisms across all revenue streams and prohibit clerks from making payments on behalf of customers to enhance transparency.

In the circumstances, use of cash payment mode in collection of revenue may result in revenue leakages.

9. Malfunctioning Point of Sale Machines

Physical verification of parking fees collection at Busia Bus parks and Malaba Bus Park Border revealed that the Point-of-Sale machines had printer jams and there were delays in issuance of receipts to customers.

In the circumstances, there was need for regular maintenance and updates of the Point-of-Sale Machines.

10. Lack of Interdepartmental Framework on Coordination of Revenue Collection

During the year under review, it was observed that various revenue collection streams across different departments were operating independently, without proper coordination or reference to the Receiver of Revenue. This decentralized approach compromises oversight and accountability in the County's revenue management.

The following list shows the major departments involved in revenue collection and their revenue streams.

- i. Public Works Department: Revenue from hire of assets was collected independently.
- ii. Department of Lands: Revenue from property rent and land rates was managed separately.
- iii. Health Department: Hospital fees were collected at the facility level.
- iv. Agricultural Training Centre (ATC): Revenue from parking fees and conference facility hire were handled independently.

In the circumstances, the fragmented approach to revenue collection increases the risk of funds leakages, inaccurate revenue reporting and reconciliation and weak internal controls and oversight mechanisms.

11. Lack of Single Business Permit Register

The County Receiver of Revenue did not have a comprehensive register of all the businesses that require single business permits. The register was only used or updated when the business came to renew or apply for the licenses.

In the circumstances, the lack of an updated register is a weakness that can lead to loss of revenue, since the Receiver of Revenue do not have data for the businesses that should pay for the permits. It may also lead to exploitation of traders by the enforcement officers.

12. Under-Collection of Land/Poll Rates Revenue

The statement of revenue and disbursements and as disclosed in Note 7 to the revenue statements reflects land rates amount of Kshs.7,296,056. Further, the statement of comparison of budget and actual amounts indicates that the County Government of Busia had planned to collect Kshs.58,706,260 based on the arrears and valuation roll data available. The County collected only Kshs.7,296,056 resulting to a deficit of Kshs.51,410,204 or 88% of the budget.

Additionally, the following unsatisfactory matters were observed:

- i. There was no evidence that Management made attempts to follow up on the uncollected land/poll rates since no demand notices issued or legal summons were provided for audit which implied significant loss of own source revenue that in turn leads to poor service delivery.
- ii. The revenue management system could not generate individual land owner statements indicating the land value, land/poll rates chargeable and supposed due interest fees and payments made.
- iii. No ageing analysis was provided to ascertain the accuracy of the interests charged on the outstanding balances.

In the circumstances, land/poll rates revenue management was ineffective.

13. Ineffective Hospital Fees Management

The statement of comparison of budget and actual amounts indicates that the County Government of Busia had budgeted to collect hospital fees of Kshs.290,365,671 during the financial year 2024/2025. However, the County Government of Busia collected a total of Kshs.262,858,247 representing only 91% of the budget. However, the following unsatisfactory observations were made:

- i. Management failed to customize Offline Operations Feature of the Revenue Collection System. Site visit carried out on 30 May, 2025 at the Busia County Referral Hospital revealed occasional system downtime which led to supposed payment via pay bill not to go through the system and in some instances no payments were made at all. Also, the transactions could not be updated to system once services were restored due to lack of offline operation capability despite the provision for the system to allow for customization to meet the specific needs of the County. The anomaly compromises revenue data integrity and indicates possible ineffectiveness in revenue collection as the system reconciliation and manual reconciliation of payments differed.
- ii. Departmental records were largely manual and not automated leading to a mismatch of continuous flow of data and information in the system. No

reconciliations were done between the manual records and the system records leading to inaccurate amounts reported and possible revenue leakage.

- iii. The amounts reported were not supported by appropriate authority and documentation. The amounts provided did not give adequate narration of the particulars of the services being paid for, thus the data provided for audit could not be relied on.
- iv. The vendor of the revenue collection system did not carry out mapping of key health facilities business process and identify opportunities for streamlining business processes as well as user requirements analysis so as to develop an engagement plan considering the system had several challenges at the time of audit visit.

In the circumstances, management of hospital fees revenue was ineffective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these revenue statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of revenue statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the revenue statements, Management is responsible for assessing the Receiver of Revenue's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the revenue statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the revenue statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the revenue statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Receiver of Revenue's financial reporting process, reviewing the effectiveness of how Management

monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the revenue statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the revenue statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these revenue statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the revenue statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2025

*Receiver Of Revenue
County Government of Busia
Revenue Statements for the Period Ended 30th June 2025*


7. Statement of Revenue and Disbursements for the year ended 30th June 2025

	Note	FY-2024/2025
		Kshs
Revenue from non-exchange transactions		
Cess	6	54,751,504
Land Rates	7	7,296,056
Single/Business Permits	8	74,130,520
Conservancy Administration	9	5,962,138
Administration Control Fees and Charges	10(b)	17,958,466
Other Fines, Penalties, And Forfeiture Fees	11	804,550
Public Health Service Fees	12	7,596,475
Physical Planning and Development	13	2,458,500
Total Revenue from non-exchange transactions		170,958,209
Revenue from exchange transactions		
Parking Fees	14	27,766,430
Market Fees	15	12,529,940
Property Rent	16(b)	7,793,153
Advertising	17	22,700,524
Hospital Fees	18	262,858,247
Hire of County Assets	19	5,998,285
Miscellaneous receipts	20	15,000
Total Revenue from exchange transactions		339,661,579
Balance b/f as 1st July 2024	33	2,406,780
Total Revenues (a)		513,026,568
Disbursements		
Disbursements To CRF	21	(269,144,952)
Disbursements to another County Fund	22	(239,379,599)
Bank charges	23	(209,640)
Waivers and exemptions	24	(-)
Bad debts written off	25	(-)
Provision for bad debts	26	(-)

Receiver Of Revenue
County Government of Busia
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Total Disbursements and other charges (b)		(508,734,191)
Other gains/(losses)		-
Gain/Loss on foreign exchange transactions	27	-
Increase/Decrease in Dues to County Revenue Fund		4,292,377

The accounting policies and explanatory notes to these revenue statements form an integral part of the revenue statements. These revenue statements were approved on 31st August ,2025 and signed by:


.....

Name: Peris A. Oyombera
County Receiver of Revenue


.....


Name: Barnabas Abwogah
Head of Revenue Reporting
ICPAK M/No:23547

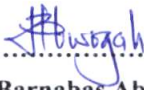
*Receiver Of Revenue
County Government of Busia
Revenue Statements for the Period Ended 30th June 2025*

8. Statement of Financial Position as at 30th June 2025

	Note	FY-2024/2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	28	341,286	2,406,780
Receivables from non-Exchange transactions	29	1,815,991	-
Receivables from Exchange transactions	30	2,135,100	-
Total Current Assets		4,292,377	2,406,780
Total Assets		4,292,377	2,406,780
Financial Liabilities			
Payables-Due to CRF	31	4,292,377	2,406,780
Revenue Received in Advance	32	-	-
Total Financial Liabilities		4,292,377	2,406,780

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 31st August, 2025 and signed by:


.....
Name: Peris A. Oyombera
County Receiver of Revenue


.....
Name: Barnabas Abwogah
Head of Revenue Reporting
ICPAK M/No:23547

*Receiver Of Revenue
County Government of Busia
Revenue Statements for the Period Ended 30th June 2025*

9. Statement of Cash Flows for the Year Ended 2025

	Note	FY-2024/2025
		Kshs
Operating Activities		
Receipts		
Cess	6	54,751,504
Land Rate	7	7,296,056
Single/Business Permits	8	74,130,520
Conservancy Administration	9	5,962,138
Administration Control Fees and Charges	10(a)	16,142,475
Other Fines, Penalties, And Forfeiture Fees	11	804,550
Public Health Service Fees	12	7,596,475
Physical Planning and Development	13	2,458,500
Parking Fees	14	27,766,430
Market Fees	15	12,529,940
Property Rent	16(a)	5,658,053
Advertising	17	22,700,524
Hospital Fees	18	262,858,247
Hire of County Assets	19	5,998,285
Miscellaneous receipts	20	15,000
Total Receipts		506,668,697
Payments		
Disbursements To CRF	21	(269,144,952)
Revenue retained through FIF	22	(239,379,599)
Bank charges	23	(209,640)
Total Payments		508,734,191
Net Cash from operating Activities		(2,065,495)
Cash and Cash Equivalent as at 1 st July 2024	33	2,406,780
Cash and Cash Equivalent as at 30th June 2025	28	341,285

*Receiver Of Revenue
County Government of Busia
Revenue Statements for the Period Ended 30th June 2025*

10. Statement of Comparison of Budget vs Actual Amounts for Year Ended 30th June 2025

Receipts	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
County Own Source Revenue						
Cess	68,235,065	-	68,235,065	54,751,504	13,483,561	80.2%
Land/Poll Rate	58,706,260	-	58,706,260	7,296,056	51,410,204	12.4%
Single/Business Permits	83,488,130	-	83,488,130	74,130,520	9,357,610	88.8%
Property Rent	20,925,559	-	20,925,559	5,658,053	15,267,506	27.0%
Parking Fees	42,866,426	-	42,866,426	27,766,430	15,099,996	64.8%
Market Fees	28,747,659	-	28,747,659	12,529,940	16,217,719	43.6%
Advertising	13,770,788	-	13,770,788	22,700,524	(8,929,736)	164.8%
Hospital Fees	240,365,671	50,000,000	290,365,671	262,858,247	27,507,424	90.5%
Public Health Service Fees	4,500,000	-	4,500,000	7,596,475	(3,096,475)	168.8%
Physical Planning and Development	8,420,378	-	8,420,378	2,458,500	5,961,878	29.2%
Hire of County Assets	56,488,826	-	56,488,826	5,998,285	50,490,541	10.6%
Conservancy Administration	10,914,651	-	10,914,651	5,962,138	4,952,513	54.6%
Administration Control Fees and Charges	8,837,363	-	8,837,363	16,142,475	(7,305,112)	182.7%
Other Fines, Penalties, And Forfeiture Fees	653,455	-	653,455	804,550	(166,095)	125.4%
Miscellaneous Receipts	86,766	-	86,766	15,000	86,766	
Total County Own Source Revenue	647,006,997	50,000,000	697,006,997	506,668,697	190,338,300	72.7%
Other Receipts						
Donations /Grants Not Received Through CRF	-	-	-	-	-	-
Total Other Receipts	-	-	-	-	-	-
Total Receipts	647,006,997	50,000,000	697,006,997	506,668,697	190,338,300	72.7%

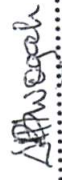
**Receiver Of Revenue
County Government of Busia
Revenue Statements for the Period Ended 30th June 2025**

- a. *Land/poll rate: the under realization was attributed to non-operationalization of the Rating Act and outdated valuation roll leading to weak legal and administrative enforcement.*
- a. *Property Rent: the under realization was attributed to non-operationalization of the Rating Act and outdated valuation roll leading to weak legal and administrative enforcement*
- b. *Parking fees: the under collection was attributed to low business activities which had an effect on matatu industry lack of trailer park to maximize on trailer parking fee and delay in gazettelement of parking slots.*
- c. *Market fees: the under realization was attributed to reduced number of traders operating in markets due to harsh economic conditions, closure of small business and competition from informal roadside sellers.*
- d. *Public health services: under realization was as result of decline in need of these services due tough economic conditions affecting hospitality industry.*
- e. *Physical planning: the under collection from this stream was as a result of declining demand for building plan approval due reduced construction works as result of low business activity.*
- f. *Conservancy Administration: the under realization was as a result of struggling water schemes thus the low supply and low receipts in respect of sale of water from the water schemes.*
- g. *Administration control fees: the under realization was as a result of consumer behavior in response to tough economic times like the liquor sector which led to closure of liquor stores amid low customer turn out.*
- h. *Other fines, penalties and forfeitures: the under realization from this stream, owing to the fact that this stream is pegged in non-compliance cases that leads to clamping and impounding, in which such cases were limited, furthermore any court fines to defaulters end up to judiciary and not the County government.*

The County Receiver of Revenue's financial statements were approved on 31st August 2025 and signed by:


.....

Name: Peris A. Oyombera
County Receiver of Revenue


.....

Name: Barnabas Abwogah
Head of Revenue Reporting
ICPAK M/No: 23547

11. Notes to the Financial Statements

1. General Information

Busia County Receiver of Revenue was appointed by the CEC Member of Finance of County Government of Busia in accordance with section 157 of the PFM Act. The Entity's principal activity is revenue collection and accounting as outlined in the appointment letter and section 157 of the PFM Act.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the PFM Act, and the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st years financial statements are transitional financial statements and the following elements of the financial statements have not been recognised as the entity has taken advantage of the transition provisions outlined in IPSAS 33. The entity has adopted the phased approach in transitioning from cash to accrual basis where the focus on the first year is on financial assets and liabilities, inventories will be included in the second year and assets and liabilities in the third year. This will enable the County Government to put in place mechanisms to manage inventory and assets and liabilities including policies to guide on the same.

Guiding note during the transition period:

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS), or the entity has taken advantage of the transitional provisions under IPSAS 33 and therefore these 1st/ 2nd/ 3rd/year financial statements are transitional financial statements and the following elements of the financial statements have not been recognized as the entity has taken advantage of the transition provisions outlined in IPSAS 33. (entity to state the transitional provisions it has applied and the steps being towards full compliance with IPSAS Accrual).

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *County Government of Busia*. The accounting policies adopted have been consistently applied to all the years presented.

The Financial statements were authorized for issue by the Accounting Officer on 18th August 2025

3. Adoption of New and Revised Standards

- i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

- ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025*

Receiver Of Revenue
County Government of Busia
Revenue Statements for the Period Ended 30th June 2025

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

*Receiver Of Revenue
County Government of Busia
Revenue Statements for the Period Ended 30th June 2025*

Standard	Effective date and impact:
	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p>

Standard	Effective date and impact:
Mineral Resources	<ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Entity did not early-adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on the entity’s financial statements.)*

4. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these revenue statements are set out below:

i) Revenue from non-exchange transactions

Fees, taxes, fines and charges

The County Government of Busia Receiver of Revenue recognizes revenues from fees, taxes, fines and charges when the event occurs and the asset recognition criteria is met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

The County Government of Busia Receiver of Revenue recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

iii) Budget

The County Revenue budget is developed on cash basis. The budget has the same accounts classification basis, and for the same period as the financial statements. The County budget was approved as required by law. The original budget was approved by the County Assembly on xxx for the period 1st July 2024- to -30 June 2025. There were **two (2)** number of supplementary budgets passed in the year. A high-level assessment of the County's actual performance against the comparable budget for the financial year under review has been included in these financial statements.

The *County Government of Busia* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

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actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

iv) Cash and cash equivalents.

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include revenue collection accounts held at Commercial banks.

v) Revenue in Arrears

Revenue in arrears relate to revenue earned and is yet to be received or collected by the receiver of revenue. These arrears are presented as receivables from exchange and non- exchange transactions in the statement of financial position. These receivables are assessed for impairment on a continuous basis. The details of these arrears are presented as an appendix to the financial statements under the statement of arrears as required under the PFM Act, 2012 Section 165 (2) (b).

vi) Disbursements to CRF

The Receiver of Revenue has an arrangement for transfer of funds from its bank account to the CRF account. Total disbursements to the CRF are as a result of the transfer arrangement during the year. *(Include the receiver's actual policy on disbursements whether weekly, monthly....)*

vii) Payables due to CRF

These relate to amounts yet to be disbursed to the County Revenue Fund at the end of the period. The amount also includes monies that are yet to be collected by the receiver of revenue at the end of the reporting period.

viii) Comparative Figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

ix) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the revenue statements for the year ended June 30, 2025

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *County Government of Busia* financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all significant judgements, estimates and assumptions made:

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(include provisions applicable to your organization, e.g., provision for bad debts and how management estimates these provisions).

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Notes to the Financial Statements

6. Cess

Description	FY-2024/2025
	Kshs
Farm produce (Transit, Sugar and Tobacco)	46,745,228
Quarrying (Sand Cess)	3,032,180
Livestock (Stock Sale & Slaughter Fees)	3,388,730
Fish farming (Fish Cess, Import, Licence, Permit)	1,585,366
Total	54,751,504

7. Land rates

Description	FY-2024/2025
	Kshs
Land rates	6,941,329
Land rate arrears	354,727
Penalties and interest	-
Total	7,296,056

8. Single /Business Permits

Description	FY-2024/2025
	Kshs
Annual Business permit fees	74,130,520
Business permit penalties and interest	-
Business permit fees arrears	-
Total	74,130,520

9. Conservancy Administration

Description	FY-2024/2025
	Kshs
Solid waste	3,424,000
Noise control	200,000
Sale of Water from Water Scheme (Busia Hill, Busijo, Alema, Munana, Butula, Port. Victoria)	2,338,138
Total	5,962,138

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10. (a) Administration Control Fees and Charges

Description	FY-2024/2025
	Kshs
Weights and measures	38,000
Fire Services	3,336,200
Liquor licenses	1,500,000
Group Registration	194,160
Co-operate Audit Fees	66,080
Payroll Products- (overpayments recovery)	11,008,035
Total	16,142,475

10 (b) Administration Control Fees and Charges

Description	FY-2024/2025
	Kshs
Weights and measures	38,000
Fire Services	3,336,200
Liquor licenses	1,500,000
Group Registration	194,160
Co-operate Audit Fees	66,080
Payroll Products- (overpayments recovery)	11,008,035
Receivables non-Exchange transactions (Note 27)	1,815,991
Total	17,958,466

11. Other Fines, Penalties and Forfeitures

Description	FY-2024/2025
	Kshs
Impounding Fees	804,550
Total	804,550

12. Public Health Service Fees

Description	FY-2024/2025
	Kshs
Public health permit	4,326,900
Veterinary services	3,269,575
Total	7,596,475

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13. Physical Planning and Development

Description	FY-2024/2025
	Kshs
Building plans approval	2,390,500
Application of plans	68,000
Total	2,458,500

14. Parking Fees

Description	FY-2024/2025
	Kshs
Reserved Parking/Private Parking Fees	6,211,250
Bus Park fees	18,464,560
Trailer Parking Fees	3,090,620
Total	27,766,430

15. Market Fees

Description	FY-2024/2025
	Kshs
Market entry fees	12,529,940
Total	12,529,940

16. (a) Property Rent

Description	FY-2024/2025
	Kshs
County Housing	1,868,737
Plot Rent	2,975,341
Stalls/kiosks rent	813,975
Total	5,658,053

16 (b) Property Rent

Description	FY-2024/2025
	Kshs
County Housing	1,868,737
Plot Rent	2,975,341
Stalls/kiosks rent	813,975
Receivables from exchange (Note 28)	2,135,100
Total	7,793,153

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17. Advertising

Descriptions	FY-2024/2025
	Kshs
Branding, signages and Billboard advertising	22,700,524
Total	22,700,524

18. Hospital Fees

Description	FY-2024/2025
	Kshs
Level 5 hospitals	116,991,003
Level 4 hospitals	108,452,463
Health centres and Dispensaries	35,958,682
CPHRA	1,456,100
Total	262,858,247

19. Hire Of County Assets

Description	FY-2024/2025
	Kshs
Tractor hires services	4,494,295
Hire of Machines and Equipment	30,000
Hire of County Stadia/Hall	47,910
Agricultural Training Centres (ATC)	1,426,080
Total	5,998,285

20. Miscellaneous Revenues

Description	Period ended June 2025
	Kshs
Public toilets	15,000
Commissions	-
Total	15,000

21. Disbursements to CRF

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Description	Period ended June 2025 Kshs
Quarter 1	40,650,332
Quarter 2	60,125,000
Quarter 3	66,980,000
Quarter 4	101,389,620
Total	269,144,952
Description	Period ended June 2025 Kshs
Disbursement to CRF -28 th of August 2024	17,250,332
Disbursement to CRF -5 th September 2024	23,400,000
Disbursement to CRF -4 th of October 2024	20,935,000
Disbursement to CRF -7 th November 2024	18,640,000
Disbursement to CRF -5 th December 2024	12,570,000
Disbursement to CRF -31 st December 2024	7,980,000
Disbursement to CRF-3 rd February 2025	37,510,000
Disbursement to CRF-13 th March 2025	29,470,000
Disbursement to CRF-1 st April 2025	29,760,000
Disbursement to CRF-7 th May 2025	34,131,000
Disbursement to CRF-3 rd June 2025	21,391,620
Disbursement to CRF-30 th June 2025	16,107,000
Total	269,144,952

22. Disbursement to another County Fund

Description	Period ended June 2025 Kshs
Quarter 1	-
Quarter 2	50,397,521
Quarter 3	62,112,840
Quarter 4	126,869,238
Total	239,379,599

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(Facility Improvement Fund-FIF)	
Description	Period ended June 2025
	Kshs
October 2024(Revenue Retained in FIF)	16,603,679
November (Revenue Retained in FIF)	19,609,763
December (Revenue Retained in FIF)	14,184,079
January,2025	14,581,372
February,2025	24,229,291
March, 2025	23,302,177
April,2025	55,159,967
May,2025	31,373,011
June,2025	40,336,260
Total	239,379,599

23. Bank Charges

Description	FY-2024/2025
	Kshs
Bank Charges & commissions	209,640
Total	209,640

24. Waivers and Exemptions

Description	FY-2024/2025
	Kshs
Penalties	-
Interest	-
Others (<i>Specify</i>)	-
Total	-

25. Bad debts written off.

Description	FY-2024/2025
	Kshs
Bad debts written off (<i>Specify revenue stream</i>)	-
Total	-

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26. Provision for bad debts

Description	FY-2024/2025
	Kshs
Provision for bad debts (<i>Specify revenue stream</i>)	-
Total	-

27. Gain/Loss on Foreign Exchange Transactions

Description	FY-2024/2025
	Kshs
Gain or loss on foreign exchange transactions	-
Gain or loss on balances in foreign exchanges	-
Total	-

28. Cash and Cash Equivalents

Name of Bank, Account No. & currency	Amount	Exc. rate (if in foreign currency)	FY 2024/2025	Opening Statement 1 st July 2024
			Kshs	Kshs
KCB Revenue Collection-1140748017	223,887	-	223,887	1,969,510
Cash at Hand (Mpesa Pay bill No.635929)	117,399	-	117,399	437,270
Total	341,286	-	341,286	2,406,780

Description	Amount
	Kshs
Produce Cess	32,250
Veterinary Services	3,550
Trailer Parking Fees	4,700
SBP	140,967
Sand Cess	10,500
Bus Parking Fees	6,670
Market Fees	7,000
Land Rates	16,809
Market Fees	1,440
Total	223,886

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Description	As at
	1st July, 2025
	Kshs
Produce Cess	15,840
Trailer Parking Fees	4,700
SBP	62,173
Sand Cess	5,000
Private Parking	7,000
Land Rates	19,686
Plot Rent	3,000
Total	117,399

29. Receivables for non-exchange transactions

Description	FY 2024/2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Receivables		
<i>Commission earned /Overpayment recovery</i>	12,824,026	-
Less: Overpayment Recovery	(11,008,035)	-
Sub total	1,815,991	
Less Impairment Allowance	-	-
Total Current Receivables	1,815,991	-

Note: These entails third party payments deductible at the payroll as commissions earned for third payments like bank loan processing, salary refunds and overpayments recovery)

Ageing analysis for Receivables from Non-exchange transactions

Description	FY 2024/2025		Opening Statement 1 st July 2024	
	Current FY	% of the total	Opening Balance	% of the total
	Kshs		Kshs	
Less than 1 year	1,815,991	%	-	100%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	1,815,991	%	-	100%

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Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Impairment allowance/ provision	FY-2024/2025
	Kshs
At the beginning of the year	-
Additional provisions during the year	12,824,026
Recovered during the year	(11,008,035)
Written off during the year	(-)
At the end of the year	1,815,991

30. Receivables from exchange transactions

Description	Insert Current FY	Opening Statement 1 st July 2024
	Kshs	Kshs
Total receivables		
<i>Property rent -GOK Rental houses</i>	3,001,717	-
Less: Rent recovery	(866,617)	-
Less: impairment allowance	-	(-)
Total receivables	2,135,100	-

Ageing analysis for total receivables in exchange transactions

Description	FY-2024/2025		FY 2023/2024	
	Current FY	% of the total	Comparative FY	% of the total
	Kshs		Kshs	
Less than 1 year	2,135,100	%	-	100%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	2,135,100		-	100%

Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	FY-2024/2025
	Kshs
At the beginning of the year	-
Additional provisions during the year	3,001,717
Recovered during the year	(866,617)
Written off during the year	(-)
At the end of the year	2,135,100

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31. Payables- Due To CRF

Payables	FY-2024/2025	Opening Statement 1st July 2024
	Kshs	Kshs
Amount collected yet to be disbursed to CRF	341,286	2,406,780
Amount billed and yet to be collected for disbursement to CRF	3,951,091	-
Total Due to CRF	4,292,377	2,406,780

Movement Disclosure on Dues to CRF

Description	Amount
	Kshs
Opening Dues to CRF	2,406,780
Increase/Decrease in Dues to CRF	(2,065,495)
Closing Dues to CRF	341,285

32. Revenue received in advance

Description	Period ended June 2025	Opening Statement 1st July 2024
	Kshs	Kshs
<i>Specify</i>	-	-
Total	-	-

33. Opening statement as at 1st July,2024

Description	Bank and cash balances as at 30th June 2024 FY 2023/24
	Kshs
Bank Balances	1,969,510
Cash In Hand	437,270
Cash and Cash Equivalent as at 1st July 2024	2,406,780

12. Appendices

Appendix 1: Progress on follow up of prior Year Auditor Recommendations.

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Ineffectiveness in Revenue Point of Sales Machines Management</p> <p>The County Government of Busia allocated revenue clerks point of sales machines (POS) for revenue collection in all Sub-counties. However, there was no register of allocation of machines and it was not possible to determine the number of POS machines in use and their respective locations. Further, POS machines issued are not surrendered back to the office on a daily basis.</p>	<p>The management acknowledges the Auditor's concern regarding the management of Point of Sales (POS) machines for revenue collection within the County Government of Busia. We wish to provide the following clarifications and responses to address the issues raised:</p> <p>On collectors surrendering machines daily for purposes of efficiency and convenience of collections whose streams stretch far from county/subcounty head offices and collections start as early as 6.00a.m thus to reduce inconveniences in mobility.</p>	<p>Awaiting Senate County Public Accounts Committee appearance</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>This poses a risk of misuse of POS machines by staff and may be issued to non-staff by revenue staff who in turn may impersonate as revenue collectors and end up collecting revenue in cash that may not be recorded or accounted for.</i></p> <p><i>In addition, Management has not put in place measures and records to ensure adequate revenue staff rotation and leave and no explanation was provided of how POS machines are accounted for in event the revenue collectors proceed on leave without</i></p>	<p>On POS register the management has always maintained POS issuance register avails hereunder detailing all the POS machines allocated to revenue clerks in the sub-counties. This register captures essential information such as:</p> <ul style="list-style-type: none"> a. The IMEI numbers of each POS machine. b. The names and details of the personnel issued with the POS. c. The specific region or sub-county where the POS machine is assigned. <p>In addition to the general POS register, an issuing register is</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>surrendering machines back to the office.</i></p> <p><i>This was contrary to Regulation 63(1)(a) of Public Finance Management (County Governments) Regulations, 2015 which states that an Accounting Officer and a Receiver of Revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all County Government revenue and other public moneys relating to their county departments or agencies.</i></p>	<p>maintained to track the issuance of POS machines. This register captures:</p> <ul style="list-style-type: none"> a. The personnel issued with the POS machine. b. The specific location or region they are assigned to work. c. The date of issuance, ensuring transparency and accountability in the management of these devices. <p>Further, the management undertakes to manage POS of staff who proceed on leave by ensuring the POS are retained at</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<i>In the circumstances, Management breached the law.</i>	the subcounty level till the officer returns.		
	<p>. Non-collection of Poll or Land Rates and Arrears</p> <p><i>The Receiver of Revenue reports provided for audit review revealed that Management planned to collect land rates and arrears of Kshs.80,854,659 during the year under review, but only collected Kshs.2,429,033 or 3% of the budgeted amount. No documentary evidence in form of demand notices or other forms of public awareness was</i></p>	<p>Management Response</p> <p>The management would like to acknowledge the concerns raised by the auditor on the under collection of Land/poll rates, however the management is in the process of legislating the Ratings Regulations 2024 which is in the County Assembly pending approval which will operationalize the Busia County Rating Act 2017 and aid in implementation and enforcement of the valuation roll. That notwithstanding, the management has appointed a revenue stream champion to support the collection of revenue in this area and automated collection of rates through the</p>	<p>Awaiting County Accounts appearance</p> <p>Senate Public Committee</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>provided by Management to confirm efforts put in place to ensure collection of current and outstanding balances.</i></p> <p><i>This was contrary to Regulation 63(1)(a) of Public Finance Management (County Government) Regulations, 2015 which states that an Accounting Officer and a Receiver of Revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all County Government revenue and other public moneys relating</i></p>	<p>system. Demand notices to rate payers are being issued as well as invoicing for plot rent to newly constructed kiosks in addition to the follow up on the CILOR rates owed by National government</p>		

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	<p>to their county departments or agencies.</p> <p>In the circumstances, Management breached the law.</p>			
	<p>Irregular Spending of Revenue at Source</p> <p>During the year under review, the Busia Agricultural Training College received an allocation of Kshs.2,031,850 from the County Government of Busia for the entity's operations. However, it was observed that despite being allocated funds, Management irregularly spent at</p>	<p>The management acknowledges the concerns raised by the auditor; however, the management would wish to clarify as follows; the account under review is an operation account for the Agricultural Training Centre (ATC) meant for receipts from county treasury and or other source of funding for the entity and not a collection account.</p> <p>The management has written to the entity with clear instructions never to use the operation account as a collection account and to ensure they advise their</p>	<p>Awaiting Senate County Public Accounts Committee appearance</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>source the revenue collected amounting to Kshs.6,045,355.</p> <p>Review of the documents provided for audit showed total approvals granted to spend at source by the Chief Officer, Finance amounted to Kshs.1,337,244. No explanation was provided on why Management had provided authority to the Busia Agricultural Training College to spend revenue collected irregularly.</p> <p>This was contrary to Regulation 63(4) of the Public Finance Management (County Governments) Regulations 2015,</p>	<p>clients the correct Revenue collection account for their use</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>which states that all public moneys collected by a Receiver of Revenue or Collector of Revenue or collected and retained by a County Government entity, shall be paid into the designated bank accounts of the County Government and shall not be used by any public officer in any manner between the time of their receipts and payment into the bank except as provided by law.</i></p>			
	<p><i>. Integrated Revenue Collection and Hospital Information Management System</i></p>	<p>i. The County took a phased approach to implement the system modules to ensure each module could be tested, adapted, and effectively</p>	<p>Awaiting Senate County Public Accounts Committee appearance</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><i>During the financial year 2022/2023, the County Government procured provision of consultancy services for supply, delivery, installation, customization and commissioning of an integrated revenue and hospital information management system at a contract price of Kshs.59,885,232 and a charge of 6% of all funds collected as transaction fees.</i></p> <p><i>Audit of the system's features and functionalities in respect to the user's system requirements and terms of reference as described in the contract revealed that</i></p>	<p>integrated within the County's operations. This phased rollout aimed to facilitate a smooth transition to the new system, allowing for training, troubleshooting, and gradual user adaptation.</p> <p>In response to the audit observation regarding integration requirements per Specification No. 4 of the General Specifications in the contract's Terms of Reference, the County acknowledges and status at the time of audit and clarifies the following: The management would like to state that the county does not utilize Ms dynamic ERP in any of its operations and</p>		

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	<p>despite the County Government having paid full contract sum, various modules were not implemented as at the time of audit, in October 2024 thereby limiting the system's effectiveness as detailed below: -</p> <p>i. The specification No.4 of the General Specifications as highlighted in the contract terms of reference required integration of revenue management system with hospital</p>	<p>hence no necessity for an integration. The County had integrated the Revenue Management System (RMS) and HMIS with the revenue collection bank account and M-pesa, ensuring seamless, real-time revenue collection and reconciliation. While some integrations, such as with the Hospital Management Information System (HMIS), were not completed at the time of audit, the County is actively working with the contractor to finalize this process.</p> <p>ii. The County acknowledges the audit findings regarding the</p>		

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	<p><i>information management system and other third-party systems being used by the County including Ms Dynamics ERP Revenue collection account, banks and SMS Gateway Systems. However, system review revealed that the said integrations were not done.</i></p> <p><i>ii. Failure to customize Offline Operations Feature: Site</i></p>	<p>absence of an offline operations feature within the Revenue Management System (RMS)and HMIS and provides the following response:</p> <p>The County recognized the challenges caused by system downtime, which occasionally necessitated cash collection during outages. However, to enhance system uptime the county migrated the system to Konza Technopolis' cloud services, this has enabled us to achieve a 99.9% uptime, significantly reducing instances of downtime. However, availability of an offline operations feature would</p>		

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	<p><i>visit carried out on 30 September, 2024 revealed occasional system downtime which led to hard cash collection. However, such transactions could not be updated to the system once services are restored due to lack of offline operation capability despite the provision for the system to allow for customization to meet specific</i></p>	<p>provide a failsafe option for continued revenue collection and data integrity during rare instances of downtime or connectivity issues through the system. We wish also to confirm that utilization of USSD and pay bill on all revenue streams are geared to provide continuity of processes during rare offline occurrence. To ensure robust data integrity and uninterrupted revenue collection, the County is working with the service provider, to finalize the development and deployment of an offline operations capability.</p> <p>iii. While initial training sessions were conducted</p>		

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	<p><i>needs of the County. The anomaly compromises revenue data integrity and indicates possible ineffectiveness in revenue collection.</i></p> <p><i>iii. Transfer of Skills: Interview and observation of the system user indicated inadequate knowledge and expertise in use of the Revenue Management System. In the circumstances, the public may</i></p>	<p>as part of the system implementation process, frequent onsite support, on the job training session and scheduled continuous training on RMS and HMIS are ongoing to ensure seamless continuity of operation as new features and updates are being deployed in the system.</p> <p>Through these initiatives, the County is fully prepared to operationalize RMS and HMIS functionalities at 99%, ensuring optimal performance, reliability, and compliance with user requirements. These measures demonstrate the County's commitment to achieving value for</p>		

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	<p><i>not have realized value for money spent on revenue automation system amounting to Kshs.59,885,232 could not be confirmed.</i></p> <p><i>The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the</i></p>	<p>money, improving revenue management, and enhancing service delivery across all functions supported by these systems.</p>		

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	<p>activities, financial transactions and information reflected in the revenue statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.</p>			
	<p>Uncoordinated Revenue Collection by County Enforcement</p>	<p>The management acknowledges the concern raised by the auditor That notwithstanding the management would like to</p>	<p>Awaiting Senate County Public Accounts Committee appearance</p>	

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	<p><i>Department, Building Plans Approval Department and Revenue Department</i></p> <p><i>Review of coordination of revenue collection and enforcement, revealed that the enforcement unit carries out enforcement inspections at least three times a month throughout the County. However, no documentary evidence was provided to show communication between enforcement unit and revenue department in respect to the selection of revenue clerks to accompany enforcement unit, and enforcement</i></p>	<p>clarify that the impounding forms issued by the Enforcement directorate are documented with a copy served to the tax payer whose item(s) have been impounded.</p> <p>To enhance accountability in enforcement exercises, the management has automated collection of clamping and Impounding fees which has seen tremendous collection in this stream.</p>		

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	<p><i>work plans were also not provided for audit review.</i></p> <p><i>Further, there were no back to office reports indicating the nature, area of enforcement, revenue collected, impoundment notices issued, register of items impounded, details of the point-of-sale machines (POS) allocated for each of the enforcement exercise, cash collections, details of vehicles allocated for enforcement and number of enforcement officers involved in each of the enforcements conducted.</i></p> <p><i>Discussions with revenue department and</i></p>			

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	<p>enforcement unit indicated that the enforcement unit does not involve the department of revenue when conducting enforcements and no revenue officers are allocated for enforcement activities.</p> <p>In the circumstances, the effectiveness of internal controls on revenue collection from building plans approval department could not be confirmed</p>			
	<p>Lack of Proper Management of Parking Bays</p> <p>Review of revenue reports provided for audit revealed that the Receiver of Revenue planned to collect</p>	<p>The management acknowledges the concerns raised by the auditor; and would like to clarify that it was constructing the parking slots first and is now in the process of budgeting for erection of entrance and exit barriers. Further, to enhance seamless payment for parking</p>	<p>Awaiting Senate County Public Accounts Committee appearance</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>parking fees of Kshs.42,300,640 during the year under review, but only Kshs.29,608,877 or 70% of the target was collected. However, physical verification on 27 September, 2024 at the Kasarani Private Parking revealed that although the individual car parking slots are marked, the entire parking space did not have a fence or demarcation to allow for defined entrance and exit points for ease of management.</p> <p>Further, the parking lot did not have designated revenue and enforcement officers to ensure proper</p>	<p>the management has implemented the use of USSD (*640#) which is self-service and subject to confirmation during enforcement.</p>		

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	<p><i>collection of revenue, while the few cars parked at the time of visit had not been billed and receipted. Interview with the revenue officers around the parking area revealed that revenue collection machines (POS) are prone to malfunctioning thereby affecting seamless revenue collection and resorting to cash revenue collections and no evidence of banking cash collection was provided for audit.</i></p> <p><i>In addition, review of data obtained from the Integrated Revenue Collection and Hospital Information Management System</i></p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>showed that 763 vehicles did not pay packing fees in the year despite being billed through the revenue collection system.</p> <p>In the circumstances, the effectiveness of parking fees collection management could not be confirmed.</p>			
	<p>Inadequate Allocation of Motor Vehicles to Revenue Department</p> <p>Review of the revenue department's capacity in revenue collection, monitoring and execution, revealed that the department has been allocated only one (1)</p>	<p>The management acknowledges the concern raised by the auditor on inadequacy in utility vehicles. however, the management would like to report that even amid the budgetary constraints to procure utility vehicles, it has purchased 3 utility vehicles to make five (5) the number of vehicles available to the Directorate of Revenue to aid in mobility in</p>	<p>Awaiting County Accounts appearance</p> <p>Senate Public Committee</p>	

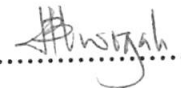
Receiver Of Revenue
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	<p>motor vehicle for all its operations.</p> <p>In the circumstances, the effectiveness revenue collection management could not be confirmed</p>	<p>revenue enhancement and supervision to boost revenue collection where one vehicle serves two sub counties on rotational basis.</p>		



Name: Peris A. Oyombera
 County Receiver of Revenue

Date: 31st August,2025



Name: Barnabas Abwogah
 Head of Revenue Reporting
 ICPAK M/No:23547

Date: 31st August,2025

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Appendix 2: Statement of Arrears of Revenue As at 30th June 2025

Classification Of Receipts (Indicate As Applicable)	Balance as at The beginning of the current year (1 st July 2024 A	Arrears received during the Period. B	Additions in arrears for the current Period to June 2025 C	Total arrears as at June 2025 D=A+(B)+C	Measures taken to recover the arrears e.g., the Governor has waived interest and penalties	Assessment to the recoverability of arrears
Commission earned/Overpayment Recovery	-	11,008,035	12,824,026	1,815,991	Prioritizing settlement when exchequer disbursement	
GOK house rent	-	866617	3,001,717	2,135,100	Prioritizing settlement when exchequer disbursement	
Total Arrears	-	11,874,652	15,825,743	3,951,091		

(Total arrears as at the end of the year should be the total of receivables from exchange and non- exchange transactions)



Name: Peris A. Oyombera
 County Receiver of Revenue



Name: Barnabas Abwogah
 Head of Revenue Reporting

ICPAK M/No:23547

Appendix 3: Ageing Analysis of Revenue in Arrears

Description (indicate as applicable)	Less than 1 year	Between 1-2 years	Between 2-3 years	Over 3 years	Total
Land rates	-	-	-	-	-
Property rent	2,135,100	-	-	-	2,135,100
Administration control fees and charges	1,815,991	-	-	-	1,815,991
Total (agree to statement of arrears above)	3,951,091	-	-	-	3,951,091

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Appendix 4: A Report of Waivers and Variations of Fees or charges granted by the Receiver of Revenue during the year.
There were on waivers or variation of fees or charges granted by the Receiver of Revenue during the year

S/No	Name of person / organisation benefitting from waiver/ variation	Year in which waiver/ variation relates	Amount of variation/ waiver (fee or charge)	Reasons for waiver/ variation	The law in terms of which the variation/waiver was granted

COUNTY GOVERNMENT OF BUSIA
CHIEF OFFICER REVENUE
31 AUG 2025
Signs
P. O. Box PRIVATE BAG BUSIA (K)

(FM ACT section 4, 5)

*Timothy Odhiambo Odende
County Chief Officer Revenue*

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C. 20535

10/10/74